

Testimony to the House New Economy Committee
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- I. **What is DEGC and what services do we provide for the City of Detroit?**
 - A. 30-year old nonprofit agency that provide economic development services to the City of Detroit, significant track record of success
 - B. Key services: business attraction/retention, project management, development finance, major project development/negotiation
 - C. Manages all the public development authorities on behalf of the City of Detroit (DDA, EDC, Brownfield Redevelopment Authority, LDFA, TIFA)

- II. **A successful Detroit and other Michigan cities like it are key to state success in talent attraction, and thus key to increasing Michigan's prosperity.**
 - A. Strong central cities are critical to strong metro regions, which themselves lead to states with the highest per capita income. This is because of the ability of these regions to concentrate knowledge based industries and talent. (Michigan Future, <http://www.michiganfuture.org/09/2009/2nd-annual-progress-report/>)
 - B. Home to significant assets such as business and commerce base, cultural and recreational attractions, health care systems, transportation infrastructure, and educational institutions.
 - C. Detroit's image impacts the state's reputation

- III. **The State must pursue an asset-based economic development strategy. Detroit and other urban areas around the state are home to the assets that can support the growth of new industries.**
 - A. State must support urban environments that promote dense development – Specifically must reinvest in existing infrastructure (transportation/border), develop 20+ acre market-ready sites in commercial/industrial corridors, invest in downtown revitalization, and support Detroit's emerging land use vision.
 - B. State must support key university/infrastructure/institutional/business assets that help grow future industries and align attraction/retention strategies around assets– Examples of assets include research and development centers, border infrastructure, health care systems, business intellectual property that can be used in new industries. MEDC is critical to success in executing business retention/attraction, but in addition to statewide view, must drill into the unique assets of particular places, especially Detroit.
 - C. State must help advance entrepreneurship – Young entrepreneurs consider Detroit to have low barriers to entry, but more support is needed for entrepreneurial growth (capital, cheap space, investors and talented mentors, training)
 - D. State must support the development of talent – This includes both supporting higher education institutions in training the next generation of talent, and directing

resources to workforce development programs to retrain talent to meet business demands.

- E. *State must direct resources to support investment-ready opportunities* – Just in Detroit, there are many significant investment opportunities that the state could support (i.e. Midtown and Central Business District revitalization, Eastern Market, East Riverfront District, M-1 Rail, TechTown)

IV. In addition to strengthening key assets, the State can also help Detroit and other urban areas overcome the challenges that inhibit investment.

A. Key challenges:

- i. Image
- ii. Lack of easily assembled, market ready sites
- iii. Improvements in quality of place (increasing walkable density in greater downtown, decreasing blight in the neighborhoods)
- iv. Access to capital for good projects
- v. Lack of predictability

B. Opportunities for state assistance

- i. Consistent funding to improve and expand existing infrastructure
- ii. Site development assistance (especially pre-development dollars) to help make potential, existing sites market-ready
- iii. Increasing access to capital through MEDC programs
- iv. Assistance in neighborhood redevelopment, both retail, housing, and amenities
- v. Consistent, stable revenue sharing to ensure consistent city services
- vi. Consistency in economic development incentives and state support

V. Conclusion

- A. Cities have a unique role in increasing the State's long-term prosperity, and should be given some unique consideration. Investment in cities will yield increased revenues for the state.
- B. As the legislature or next administration considers new incentives or strategies, they need to be more discerning in understanding what kinds of incentive/tools will work. The tools must match the problems that they are trying to solve or opportunities they are trying to leverage.
- C. Local economic development groups have the on-the-ground expertise to help answer these questions based on what works and doesn't work in the field. Please call on us to help.